



TFWG Item 8

METROPOLITAN
TRANSPORTATION
COMMISSION

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Memorandum

TO: Transit Finance Working Group

DATE: June 4, 2014

FR: Shruti Hari

RE: Transit Capital Priorities (TCP) – FY15 Policy Update

In the last few months (February, March, April and May), staff brought for the working group's feedback, a number of proposed revisions to the region's TCP policy for programming the FY15 and FY16 FTA funds. In this memorandum, we are bringing back information on additional changes to the policy based on the working group's feedback at the last meeting. Here's a summary of changes that are described in detail later in this memorandum.

1. Bus Van Pricelist

- Updated prices for vehicle types based on updated or new survey results.
- Updated prices for vehicle types based on updated methodology for developing the pricelist amounts from the survey results.
- An update to the savings incentive policy to allow MTC to scale back the amount of savings that would go back to the operators, if the amount of federal apportionments do not fully fund all score 16 projects.

2. Clarification of the application of the \$5 million equipment replacement project cap to Clipper®

A draft of the updated TCP policy for FY15 and FY16, Resolution No. 4140, which incorporates all the changes discussed with the working group so far including this update, is attached to this memo. This memo and the draft Resolution No. 4140 was emailed to the TFWG members on May 21 for the working group's feedback. TFWG members were provided an opportunity to discuss the policy as a group and potentially make further revisions, before it is presented to the MTC Commission for approval in June; however, there were no requests for a special TFWG meeting/conference call for that purpose.

Proposed Revisions for Discussion

1. Bus Van Pricelist– Update pricelist developed in 2009.

Background: This item proposes an updated regional bus-van pricelist to be used for programming FTA Section 5307 and 5339 funds for bus and van procurements in FY15 and FY16. The current pricelist, which is incorporated into the Transit Capital Priorities Process and Criteria, extends through FY 2013-14. The pricelist was last updated in 2009 and has only been escalated for inflation since.

This proposal was brought to the working group in May, and based on feedback since that meeting as well as additional survey information provided in the last two weeks from operators, the proposal is being revised again. The main changes are:

- a) Petaluma Transit and SFMTA provided new survey results on the 40' CNG transit bus and the 60' Articulated Hybrid bus, and based on these new survey data points the prices for these vehicle types have been updated. The proposed price for a 40' CNG transit bus changes from \$545,000 to \$603,000 and from \$1,058,000 to \$1,038,000 for an Articulated 60' Hybrid bus.
- b) Based on comments from operators on the proposed approach for developing the pricelist, we propose a revision to one aspect of the methodology used to come up with the prices, which affect the following vehicle types:
 - Minivan under 22' (proposed price changes from \$56,000 to \$50,000)
 - Transit Bus 40' Hybrid (proposed price changes from \$716,000 to \$758,000)
 - Articulated 60' Hybrid (proposed price changes from \$1,058,000 to \$1,038,000)

The revised approach is as follows: For most vehicle types, the survey results produced prices below or within a 10% increase of the escalated current pricelist amounts. We are therefore proposing to use the highest price in 2014 dollars, inflate by 1.6% and round off to the nearest thousand to arrive at the proposed prices for FY 2015 for all vehicle types. In cases of vehicle types where the results contained outliers that were much higher (more than 10%) than the escalated current pricelist, the outliers were omitted from the analysis. This approach produces results that are more consistent with what the operators are paying for the buses while also keeping the new pricelist amounts similar to the current pricelist.

- c) A minor change in the price for the 40' Diesel Transit Bus due to a prior miscalculation that has now been corrected.
- d) Savings Incentive Policy:

In addition to updating the pricelist itself, the subcommittee considered new policies to incentivize operators to use bus/van replacement funds as cost-effectively as possible. The subcommittee supported "compensation for cost effective bus purchases" modeled on the "compensation for deferred replacement" element of the TCP policy. Under this element, operators that request less than the full pricelist amount for vehicle replacements would be eligible for either of two financial compensations:

Option 1. Operators receive all of the savings, but need to apply the savings to capital replacement and rehab projects (Score 10-16).

Option 2. Operators receive half of the savings to the region created by cost effective vehicle purchases, which may be programmed to lower scoring (below score 10) eligible projects, including preventive maintenance.

The intent of this policy element is to ensure that the region's limited funds can cover more of the region's capital needs while targeting funding to the vehicles most in need of replacement.

Staff proposed to add the following new language to the policy:

“If the amount of federal apportionments received does not allow us to fully program all Score 16 projects, MTC reserves the right to reduce the percentage of savings that would go back to the operator.”

The intent of the proposed addition is to prevent the compensation for cost effective bus purchases policy element from reducing the region’s ability to fund revenue vehicle replacements and other Score 16 needs. If this new provision were put into effect, MTC staff would discuss the proposed revised percentages with the TFWG and the affected operators.

The changes to the pricelist as a result of the new survey results and the revised methodology are highlighted in Tables 1 and 2. Table 3 shows the current pricelist for comparison. All other aspects of the methodology used to develop the pricelist remain the same and are described in the May 7 TFWG memorandum.

Table 1: Regional Bus-Van Pricelist, FY 2014-15

Vehicle Type	Total	Federal	Local	Federal %	Local %
Minivan Under 22'	\$50,000	\$41,000	\$9,000	82%	18%
Cut-Away/Van, 4 or 5-Year, Gas	\$86,000	\$70,520	\$15,480	82%	18%
Cut-Away/Van, 4 or 5-Year, Diesel	\$107,000	\$87,740	\$19,260	82%	18%
Cut-Away/Van, 4 or 5-Year, CNG	\$120,000	\$98,400	\$21,600	82%	18%
Cut-Away/Van, 7-Year, Gas	\$120,000	\$98,400	\$21,600	82%	18%
Cut-Away/Van, 7-Year, Diesel	\$148,000	\$121,360	\$26,640	82%	18%
Cut-Away/Van, 7-Year, CNG	\$167,000	\$136,940	\$30,060	82%	18%
Transit Bus 30' Diesel	\$464,000	\$380,480	\$83,520	82%	18%
Transit Bus 30' CNG	\$515,000	\$422,300	\$92,700	82%	18%
Transit Bus 30' Hybrid	\$714,000	\$585,480	\$128,520	82%	18%
Transit Bus 35' Diesel	\$479,000	\$392,780	\$86,220	82%	18%
Transit Bus 35' CNG	\$529,000	\$433,780	\$95,220	82%	18%
Transit Bus 35' Hybrid	\$715,000	\$586,300	\$128,700	82%	18%
Transit Bus 40' Diesel	\$521,000	\$427,220	\$93,780	82%	18%
Transit Bus 40' CNG	\$603,000	\$494,460	\$108,540	82%	18%
Transit Bus 40' Hybrid	\$758,000	\$621,560	\$136,440	82%	18%
Over the Road 45' Diesel	\$607,000	\$497,740	\$109,260	82%	18%
Articulated 60' Diesel	\$848,000	\$695,360	\$152,640	82%	18%
Articulated 60' Hybrid	\$1,038,000	\$851,160	\$186,840	82%	18%

Notes:

Prices escalated 1.6% annually, rounded to the nearest \$1,000

For buses with dual-side doors, add \$50,000 to Total (\$40,000 Federal, \$10,000 Local)

For vehicle procurements more than 20 in number, 5% of the cost of the buses can be added to the pricelist amounts to account for soft costs.

Table 2: Regional Bus-Van Pricelist, FY 2015-16

Vehicle Type	Total	Federal	Local	Federal %	Local %
Minivan Under 22'	\$51,000	\$41,820	\$9,180	82%	18%
Cut-Away/Van, 4 or 5-Year, Gas	\$88,000	\$72,160	\$15,840	82%	18%
Cut-Away/Van, 4 or 5-Year, Diesel	\$108,000	\$88,560	\$19,440	82%	18%
Cut-Away/Van, 4 or 5-Year, CNG	\$122,000	\$100,040	\$21,960	82%	18%
Cut-Away/Van, 7-Year, Gas	\$122,000	\$100,040	\$21,960	82%	18%
Cut-Away/Van, 7-Year, Diesel	\$150,000	\$123,000	\$27,000	82%	18%
Cut-Away/Van, 7-Year, CNG	\$170,000	\$139,400	\$30,600	82%	18%
Transit Bus 30' Diesel	\$472,000	\$387,040	\$84,960	82%	18%
Transit Bus 30' CNG	\$523,000	\$428,860	\$94,140	82%	18%
Transit Bus 30' Hybrid	\$726,000	\$595,320	\$130,680	82%	18%
Transit Bus 35' Diesel	\$487,000	\$399,340	\$87,660	82%	18%
Transit Bus 35' CNG	\$537,000	\$440,340	\$96,660	82%	18%
Transit Bus 35' Hybrid	\$726,000	\$595,320	\$130,680	82%	18%
Transit Bus 40' Diesel	\$530,000	\$434,600	\$95,400	82%	18%
Transit Bus 40' CNG	\$613,000	\$502,660	\$110,340	82%	18%
Transit Bus 40' Hybrid	\$771,000	\$632,220	\$138,780	82%	18%
Over the Road 45' Diesel	\$617,000	\$505,940	\$111,060	82%	18%
Articulated 60' Diesel	\$861,000	\$706,020	\$154,980	82%	18%
Articulated 60' Hybrid	\$1,055,000	\$865,100	\$189,900	82%	18%

Notes:

Prices escalated 1.6% annually, rounded to the nearest \$1,000

For buses with dual-side doors, add \$50,000 to Total (\$40,000 Federal, \$10,000 Local)

For vehicle procurements more than 20 in number, 5% of the cost of the buses can be added to the pricelist amounts to account for soft costs.

Table 3: Regional Bus-Van Pricelist, FY2013-14

Vehicle Type	Total	Federal	Local	Federal %	Local %
Auto	31,000	25,867	5,133	83.44%	16.56%
Minivan Under 22'	55,000	45,893	9,107	83.44%	16.56%
Cut-Away/Van Under 26', 4 or 5-Year, Gas	84,000	68,564	15,436	81.62%	18.38%
Cut-Away/Van Under 26', 4 or 5-Year, Diesel	112,000	91,419	20,581	81.62%	18.38%
Cut-Away/Van Under 26', 4 or 5-Year, CNG	125,000	102,030	22,970	81.62%	18.38%
Cut-Away/Van Under 26', 7-Year, Gas	117,000	97,110	19,890	83.00%	17.00%
Cut-Away/Van Under 26', 7-Year, Diesel	158,000	131,139	26,861	83.00%	17.00%
Cut-Away/Van Under 26', 7-Year, CNG	176,000	146,079	29,921	83.00%	17.00%
Cut-Away/Van 26'+, 4 or 5-Year, Gas	89,000	72,646	16,354	81.62%	18.38%
Cut-Away/Van 26'+, 4 or 5-Year, Diesel	118,000	96,317	21,683	81.62%	18.38%
Cut-Away/Van 26'+, 4 or 5-Year, CNG	134,000	109,377	24,623	81.62%	18.38%
Cut-Away/Van 26'+, 7-Year, Gas	123,000	102,090	20,910	83.00%	17.00%
Cut-Away/Van 26'+, 7-Year, Diesel	166,000	137,779	28,221	83.00%	17.00%
Cut-Away/Van 26'+, 7-Year, CNG	185,000	153,549	31,451	83.00%	17.00%
Transit Bus 30' Diesel	513,000	413,763	99,237	80.66%	19.34%
Transit Bus 30' CNG	572,000	461,350	110,650	80.66%	19.34%
Transit Bus 30' Hybrid	693,000	558,943	134,057	80.66%	19.34%
Transit Bus 35' Diesel	527,000	424,960	102,040	80.64%	19.36%
Transit Bus 35' CNG	591,000	476,568	114,432	80.64%	19.36%
Transit Bus 35' Hybrid	712,000	574,139	137,861	80.64%	19.36%
Transit Bus 40' Diesel	544,000	438,584	105,416	80.62%	19.38%
Transit Bus 40' CNG	607,000	489,376	117,624	80.62%	19.38%
Transit Bus 40' Hybrid	733,000	590,959	142,041	80.62%	19.38%
Suburban Bus 45' Diesel	634,000	510,430	123,570	80.51%	19.49%
Over-the-Road 40' Diesel	634,000	510,430	123,570	80.51%	19.49%
Over-the-Road 40' CNG	710,000	571,618	138,382	80.51%	19.49%
Over-the-Road 40' Hybrid	856,000	689,162	166,838	80.51%	19.49%
Over-the-Road 45' Diesel	684,000	550,685	133,315	80.51%	19.49%
Over-the-Road 45' CNG	767,000	617,508	149,492	80.51%	19.49%
Over-the-Road 45' Hybrid	924,000	743,908	180,092	80.51%	19.49%
Over-the-Road 60' Diesel	903,000	725,951	177,049	80.39%	19.61%
Over-the-Road 60' CNG	1,011,000	812,776	198,224	80.39%	19.61%
Over-the-Road 60' Hybrid	1,219,000	979,993	239,007	80.39%	19.61%
Articulated 60' Diesel	768,000	617,420	150,580	80.39%	19.61%
Articulated 60' CNG	860,000	691,382	168,618	80.39%	19.61%
Articulated 60' Hybrid	1,036,000	832,874	203,126	80.39%	19.61%
Notes:					
Prices escalated 2.0% annually, rounded to nearest \$1,000					
Prices for buses and cut-aways include allowances for radios, fareboxes and Clipper wiring and brackets.					
To calculate price without fareboxes and radios multiply values by .9822					
To calculate price without fareboxes multiply values by .9862					
To calculate price without radios multiply values by .9960					
To calculate price without Clipper wiring and brackets subtract \$1,706					
For buses with dual-side doors, add \$50,000 to Total (\$40,000 Federal, \$10,000 Local)					

2. **Other Project Caps – Clarify the application of the \$5M equipment replacement project cap to Clipper**

The policy currently caps funding for equipment replacement projects other than revenue vehicles and fixed guideway infrastructure (which have separate project caps) at \$5M per project. MTC staff is proposing revised language to clarify how the cap applies to replacement of Clipper fare collection equipment, which, unlike other equipment replacement projects, is centralized under MTC. The following proposed language is included in the attached draft resolution: “Replacement of Clipper® fare collection equipment that is centralized under MTC will be treated as a separate project for each operator whose Clipper® equipment is being replaced, including MTC for the replacement of back-end equipment and systems, for the purposes of applying this project funding cap.”

3. **Conditioning Programming on Expenditure of Prior Grants:**

As discussed while reviewing the proposed TCP policy with the TFWG, the current policy includes an element that requires operators to provide additional justification for funding requests for projects that have unexpended grant funding from prior years (see page 33 of the attached draft policy). No revisions to this policy element are proposed, but MTC staff intends to focus on implementing the requirement when developing the FY15-FY16 program. According to FTA’s TEAM system, approximately \$850 million in undisbursed TCP grants is currently available to operators throughout the region. While two large operators account for over half of the total, most operators have substantial balances of unexpended grants. Staff will highlight this issue when we present the proposed policy to the MTC Commission in June.

Next Steps

Staff will present the proposed policy to the MTC Programming and Allocations Committee (PAC) at their June 11 meeting.

The overall schedule is below:

ACTION	MONTH
Policy Updates with TFWG	January, February, March, April, May, June
Policy to Commission for Approval	June
Issue Call for Projects	June
Programming Requests Due	August
First Rough Draft of Program/ Discussion of Issues	September
Draft Preliminary Program to TFWG	October
Operators to enter Program into FMS	October/November
Final Program to Commission for Approval	December
TIP Amendment to Commission for Approval	December
Federal Approval of TIP Amendment	Feb – March 2015

Staff welcomes the Working Group’s feedback. Please contact Shruti Hari (shari@mtc.ca.gov or 510-817-5960) or Glen Tepke (gtepke@mtc.ca.gov or 510-817-5781) with any questions or comments.